

Identification of the Area

Name or Designation: **Area 32: North Downtown Seattle**

Boundaries:

Area 32, or North Downtown Seattle, as identified by the King County Department of Assessments lies immediately north and west of the City's Central Business District (CBD). The dominant features are Belltown, Downtown Harborfront, Lake Union, Seattle Center and Elliott Bay. These are major economic stimuli and recreational treasures to Seattle. North Downtown lies below Queen Anne Hill to the north and Capital Hill to the east.

Area 32 is bounded north following West Olympic Place, West Aloha Street and East Galer Street – the southern border is along Lenora Street to 5th Avenue and along Denny Way and South Washington Street – bounded west on Seattle Puget Sound Pier waterfront – and bounded east on Interstate 5 freeway.

Maps:

A general map of the area is included in this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

Area Description:

Area 32, known as North Downtown Seattle, is divided into four neighborhoods. They are generally similar in their mixed-use zones. Commercial, community and regional service enterprises, and multifamily land uses predominate. They are typically distinguished by their respective arterial linkages south into Downtown proper, and north into the predominantly residential parts of Seattle beyond the Lake Washington Ship Canal. A brief description of the four neighborhoods follows.

Belltown: Area 32-10

Boundaries: Belltown is bounded north on Denny Way, south on Lenora Street, west on Elliott Avenue, and east on Fifth Avenue (the Monorail).

Neighborhood Description: This area is primarily zoned Downtown Mixed Residential (DMR) with Downtown Mixed Commercial (DMC) zoned parcels located in the north boundary. Belltown, a major part of Seattle's fastest growing neighborhood (Denny Regrade),

has been an area in transition for many years. Much of the interim use has been in surface parking lots, low rise strip retail, and mixed-use structures filled by owner occupants and long term tenants. A few established social service agencies make their home in Belltown. There are several older apartment buildings located in the northeast corner of the neighborhood. The area has been home to a large artist population over the decades. An area once plagued by high vacancies and no development now has substantial new residential housing units. Both apartments and condominiums are at various stages of construction and recently completed. The outlook is positive for mixed-use properties that can benefit from providing the necessary support services these new units will require. A few upscale restaurants, nightclubs, and retail stores have already opened for business.

The Belltown Community is a multi-faceted jewel in the crown of Seattle. Belltown is, all at once, a residential community, an arts center, a shopping destination, home of cuisine that spans the globe from Mexico to China in both directions, the business home of crafts unions, architectural firms, engineers, appliance repair shops, international industrial decorators, and on and on. The identifying character of Belltown is its diversity. Residents and businesses are here for lifetimes, decades, years, and months.

The Comprehensive Plan estimates that additional 6,500 households will be constructed in Belltown by the year 2014. This area is primarily targeted to increase residential units' occupancies in the neighborhood by encouraging investors and developers to construct apartments and/or condominiums. Currently, The Shelby Apartment, a new apartment with retail space, is under construction and located on the northwest corner of Fourth Avenue and Blanchard Street. An old four-story storage warehouse, located on the northwest corner of Western Avenue and Bell Street, was recently renovated into a luxury loft condominium. A new condominium building with commercial units is located on northeast corner of Second Avenue and Wall Street is near completion.

The zone classifications for Belltown (Area 32-10) are "Downtown Mixed Residential (DMR)", which designated as either "Downtown Mixed Residential/Residential (DMR/R)" or "Downtown Mixed Residential/Commercial (DMR/C)". The "Downtown Mixed Residential (DMR)"'s building height limit that ranges from 65 feet to 240 feet. The northern portion of Area 32-10's zone classification of "Downtown Mixed Commercial" has building height limit that range from 65 feet to 240 feet.

The Downtown Mixed Residential (DMR) zoning applies to areas identified for development of a predominantly residential community. While the primary use is residential, almost all other compatible uses are allowed, provided they reinforce and do not detract from residential activity. Multiple heights, mix of use, and density classifications promote diversity and harmony with exiting development and allow a variety of housing forms. Development standards control towers and promote a pleasant street level environment conducive to a high-density residential environment.

The DMR/R Mixed-use designation applies to those areas now predominantly residential in character or containing large amounts of under-utilized land. Existing non-residential uses are modestly scaled, likely to change in the future, or providing services to the neighborhood.

The DMR/C Mixed-use designation applies to those areas containing housing or having housing potential where larger-scale commercial development now exists and likely to remain.

South Lake Union: Area 32-20

Boundaries: The area east of 6th Avenue North and south of Galer Street, running east to I-5, and then south to Denny Way.

Neighborhood Description: This is a transition area consisting of mixed-use properties, and includes the Cascade Neighborhood which recently banded together to defeat the proposed Seattle Commons. Neighborhood commercial uses are moving from free standing to newer mixed-use (commercial and residential) buildings. Major hotels are being constructed along Aurora Avenue, Westlake Avenue, and on Valley Street. The northeast sector has become a major medical research area with the construction of the Fred Hutchinson Cancer Research Center and Zymogenetics facilities. The Cascade Neighborhood is seeking identity as a residential area, especially with several new apartments built by low income housing groups. A recent addition to this area is the REI flagship store. Major holdings in the south part of the area are Pemco Insurance, The Seattle Times, and Paul Allen, who received in foreclosure the parcels that had been assembled by the Seattle Commons and is continuing to purchase properties in this area.

Lower Queen Anne Hill: Area 32-30

Boundaries: The area east of Puget Sound waterfront and south of West Olympic Place and West Aloha Street, running east to 6th Avenue North, and then south to Denny Way.

Neighborhood Description: This area consists of mixed-use properties, predominately multi-family apartments and condominiums. The area also is in demand for small-office owner-occupant properties by those who want to be closer to the city but can not afford the high downtown land values. The major landholder is the City of Seattle, which includes The Seattle Center, Key Arena, Pacific Science Center, Memorial Stadium, Opera House, Pacific Science Center, several theaters, and the Seattle's signature Space Needle. The latest addition to Seattle Center is the Paul Allen sponsored Experience Music Project (EMP), a museum to contemporary music housed in a unique and costly structure. There are many retail businesses, hotels, restaurants, and related parking structures adjacent to Seattle Center.

Downtown Harborfront: Area 32-40

Boundaries: This neighborhood comprises the upland parcels along Seattle Puget Sound Pier Waterfront and Alaskan Way from South Washington Street at the southwestern boundary to Broad Street at the northwestern boundary.

Neighborhood Description: The Downtown Harborfront neighborhood, known as the Central Waterfront, is located across from the downtown pier area. The area's improved parcels are retail, restaurant, office building, parking garage, mixed-use multi-family dwellings, storage warehouse, and office warehouse use. The zone classifications are Downtown Harborfront-1 (DH-1) and Downtown Harborfront-2 (DH-2).

Downtown Harborfront-1 (DH-1) zoning applies to waterfront lots and adjacent harbor areas where economically viable marine uses are encouraged to meet the needs of waterborne commerce, facilitate the revitalization of downtown's waterfront, provide opportunities for public access and recreational enjoyment of the shoreline, preserve and enhance elements of historic and cultural significance, and preserve views of Elliott Bay and the land forms beyond. To preserve and restore the historic maritime character of Piers 54 through 59 (but excluding the new Aquarium structure), development standards are augmented by Historic Character Area guidelines. Water dependent uses are encouraged through development standards that allow greater development potential and design flexibility than permitted by the base regulations.

Downtown Harborfront-2 (DH-2) zoning applies to those areas near the downtown shoreline where development potential offers the opportunity to enhance public access and enjoyment of the waterfront. Because the areas designated DH-2 are partially within a shoreline environment, development standards include use and bulk regulations to carry out shorelines goals, and preserve views of the water. A diversity of uses and buildings of small scale are preferred. Incentives are offered for the provision of public open space integrated with an overall plan for public access improvements.

The general provision of these two zone classifications is that all uses shall meet the development standards of the Seattle Shoreline Master Program, and development rights may not be transferred to or from lots in DH-1 or DH-2 zones. The zone designation for this neighborhood is intended to provide commercial activities in support of shoreline goals and related office, commercial, retail and residential uses. This area is intended to provide a transition in scale and character between the waterfront and adjacent downtown areas.

Currently, there is a new condominium project, Waterfront Landing, and a new office building/hotel project, which has been recently completed.

Physical Inspection Identification:

Neighborhood Area 32-30, Lower Queen Anne Neighborhood, was physically inspected for the 2003 assessment year.

Preliminary Ratio Analysis

A Ratio Study was completed just prior to the application of the 2003 recommended values. This study benchmarks the current assessment level using 2002 posted values. The study was also repeated after application of the 2003 recommended values. The results are included in the validation section of this report, showing improvement in the Coefficient of Variation (COV) from 17.65% to 10.41%, Coefficient of Dispersion (COD) from 10.32% to 7.09%, and the weighted mean statistical measure of assessment level went from 93.8% to 92.7%. The PRD went from 0.99 to 0.97.

Scope of Data

Land Value Data:

Vacant sales that closed between 1/11/2000 to 11/7/2002, were given primary consideration for valuing the land parcels in Area 32. The primary unit of comparison considered was based on price per square foot of land area. "Shell" sales, interim use sales, tear down sales, and land transactions that included plans and permits were considered in the analysis of the land values. The comparative sales approach generally is considered the most reliable method for land valuation. Zoning and location were the primary variables considered in the valuation process.

Improved Parcel Total Value Data:

Improved sales from 1/2000 to 11/2002 were given substantial consideration for establishing total value estimates. Sales information is obtained from excise tax affidavits and reviewed initially by the Accounting Division, Sales Identification Section. Information is analyzed and investigated by the appraiser in the process of revaluation. All sales were verified, if possible, by calling either the purchaser or seller, inquiring in the field or calling the real estate agent. Characteristic data is verified for all sales, if possible. Due to time constraints, interior inspections were limited. Sales are listed in the "Sales Used" and "Sales Not Used" sections of this report. Additional information resides in the Assessor's procedure manual located in the Public Information area of the King County Administration Building.

Land Value

Land Sales, Analysis, Conclusions

There were 48 sales considered in Area 32. Most increases in land values are in Areas 32-10, 32-20, 32-30, and 32-40. These neighborhoods are typically distinguished by their predominant zone classification. In analyzing the sales in Area 32, neighborhood, location, zoning and height limit availabilities were considered first. Then, sales from other competing neighborhoods were considered in the absence of sales within the subject neighborhood.

Belltown: Area 32-10

Land sales in this area indicated an increase in value. The table below represents the 2003 estimated land value per square foot for each zone in the Belltown Area.

| 32-10 | Belltown | DMC 85 | \$120 to \$140 |
|-------|---|---------------|----------------|
| 32-10 | Belltown | DMR/R 85/65 | \$140 |
| 32-10 | Belltown | DMR/C 85/65 | \$140 |
| 32-10 | Belltown | DMC 240 | \$185 |
| 32-10 | Belltown | DMC 65 | \$115 to \$120 |
| 32-10 | Belltown | DMR/C 240/125 | \$150 to \$160 |
| 32-10 | Belltown | DMR/R 125/ 65 | \$130 to \$150 |
| 32-10 | Belltown – Seattle Puget Sound Pier Waterfront | DH1-45 | \$30 |
| 32-10 | Belltown – Seattle Puget Sound Pier Waterfront | IC-45 | \$30 |

The DMC 65, DMR/R 240/65, and DMR/R 125/65 zoned properties that are located closer to Denny Way are valued at the lower portion of the range. The adjustments were made primarily due to their location.

South Lake Union: Area 32-20

Land sales in this area indicated an increase in value. The table below represents the 2003 estimated land value per square foot for each zone in the South Lake Union Area.

| 32-20 | South Lake Union | NC3-125' | \$108 to \$110 |
|-------|--|-------------|----------------|
| 32-20 | South Lake Union | NC3-85' | \$105 |
| 32-20 | South Lake Union | NC3-65' | \$95 |
| 32-20 | South Lake Union | NC3-40' | \$95 |
| 32-20 | South Lake Union | C1-65' | \$90 to \$95 |
| 32-20 | South Lake Union | C1-85' | \$100 |
| 32-20 | South Lake Union | C2-40' | \$80 |
| 32-20 | South Lake Union | C2-65' | \$80 to \$95 |
| 32-20 | South Lake Union | C2-85' | \$90 |
| 32-20 | South Lake Union | C2-125' | \$108 |
| 32-20 | South Lake Union | IC-45' | \$75 |
| 32-20 | South Lake Union | IC-65' | \$90 |
| 32-20 | South Lake Union | IC-85' | \$95 |
| 32-20 | South Lake Union | SCM-75' | \$95 |
| 32-20 | South Lake Union | SCM-125' | \$100 to \$105 |
| 32-20 | South Lake Union | SCM/R 55/75 | \$98 |
| 32-20 | South Lake Union: Located along Aurora Avenue North between Highland Drive and Comstock Street | IC-65' | \$50 to \$65 |
| 32-20 | South Lake Union Waterfront | C2-40' | \$35 to \$50 |
| 32-20 | South Lake Union Waterfront | IC1 U/45' | \$30 |

The properties with C1-65' located south of Mercer Street are valued at \$95 per square foot of land area due the superior location and proximity to the Seattle Center and Space Needle area. The NC3-125' properties located along Terry Avenue North are valued at the lower portion of the range. The C2-65' properties located west of State Interstate 5 freeway are valued at the lower portion of the range. Adjustments have been made to consider properties

with steep slope conditions along Aurora Avenue North between Highland Drive and Comstock Street.

Lower Queen Anne Hill: Area 32-30

Land sales in this area indicated an increase in value. The table below represents the 2003 estimated land value per square foot for each zone in the Lower Queen Anne Hill Area.

| 32-30 | Lower Queen Anne Hill | MR | \$85 to \$110 |
|-------|-----------------------|------------|---------------|
| 32-30 | Lower Queen Anne Hill | L-3 RC | \$90 |
| 32-30 | Lower Queen Anne Hill | NC2-40' | \$90 |
| 32-30 | Lower Queen Anne Hill | NC3-85' | \$105 |
| 32-30 | Lower Queen Anne Hill | NC3-65' | \$100 |
| 32-30 | Lower Queen Anne Hill | NC3-40' | \$95 |
| 32-30 | Lower Queen Anne Hill | NC3-40' P1 | \$95 |
| 32-30 | Lower Queen Anne Hill | C1-65' | \$95 |
| 32-30 | Lower Queen Anne Hill | C2-40' | \$55 to \$90 |
| 32-30 | Lower Queen Anne Hill | IC-45' | \$30 to \$70 |
| 32-30 | Lower Queen Anne Hill | IC1 U-45 | \$30 |
| 32-30 | Lower Queen Anne Hill | L-3 | \$70 |

The Mid-Rise (MR) zoned properties located along West Mercer Place have slope conditions and are smaller than typical sites. These properties are valued from \$85 to \$105 per square foot of land area. The C2-40' and IC-45' zoned properties along Elliott Avenue West located closer to Denny Way are valued at the higher end of the range. Adjustments have been made to reflect the proximity to the Seattle Downtown Central Business District location.

Downtown Harborfront: Areas 32-40

Due to the lack of land sales in these areas, land sales in Areas 32-10, 30-60, 30-80, and 30-100 were considered to estimate the land value. The table below indicates the 2003 estimated land per square foot for each zone.

| 32-40 | Downtown Harborfront | DH2-65 | \$130 |
|-------|--|--------|---------------|
| 32-40 | Downtown Harborfront | DH2-85 | \$140 |
| 32-40 | Downtown Harborfront | DH2-55 | \$109 - \$120 |
| 32-40 | Downtown Harborfront – Seattle Puget Sound Pier Waterfront | DH1-45 | \$30 |

The total assessed land value in Area 32, for the 2002 assessment year was \$1,893,800,550 and the 2003 total recommended assessed land value is \$1,938,172,60000. Application of these recommended values for the 2003 assessment year (taxes payable in 2004) results in an increase of +2.34%. This increase is due to upward market changes over time and the previous assessment levels.

A list of vacant sales used and those considered not reflective of market are included in the following sections.

Vacant Frozen Sales Calculation for Area 32 with Sales Used

| Area | Nbhd. | Major | Minor | Land Area | E # | Sale Price | Sale Date | SP / Ld. Area | Property Name | Zone | Par. Ct. | Ver. Code | Remarks |
|------|-------|--------|-------|-----------|---------|--------------|-----------|---------------|----------------------------------|---------------|----------|-----------|---------|
| 032 | 010 | 065300 | 0355 | 28,800 | 1773945 | \$4,900,000 | 08/31/00 | \$170.14 | INT UNION OF OPERATING ENGINEERS | DMR/C 125/65 | 1 | 2 | |
| 032 | 010 | 065300 | 0375 | 13,320 | 1773959 | \$3,000,000 | 08/24/00 | \$225.23 | PARKING LOT | DMR/R 125/65 | 1 | 2 | |
| 032 | 010 | 065300 | 0410 | 14,400 | 1781693 | \$3,197,000 | 10/12/00 | \$222.01 | VACANT LAND | DMR/C 125/65 | 2 | 2 | |
| 032 | 010 | 065300 | 0480 | 61,440 | 1748712 | \$14,000,000 | 04/25/00 | \$227.86 | SURFACE PARKING LOT (LAND) | DMR/R 125/65 | 1 | 2 | |
| 032 | 010 | 065300 | 0520 | 28,750 | 1763444 | \$5,622,586 | 07/06/00 | \$195.57 | PARKING LOT | DMR/R 125/65 | 1 | 2 | |
| 032 | 010 | 069500 | 0180 | 9,300 | 1816141 | \$1,460,000 | 04/24/01 | \$156.99 | IVAR'S ON DENNY | DMC 65 | 1 | 2 | |
| 032 | 010 | 069500 | 0235 | 13,900 | 1802008 | \$2,264,083 | 02/14/01 | \$162.88 | VACANT LAND | DMC 65 | 1 | 2 | |
| 032 | 010 | 069600 | 0175 | 12,960 | 1806109 | \$3,000,000 | 03/14/01 | \$231.48 | UNDER THE RAIL | DMR/C 240/125 | 1 | 2 | |
| 032 | 010 | 197720 | 0570 | 6,660 | 1804908 | \$1,375,000 | 03/09/01 | \$206.46 | PARKING LOT | DMR/R 85/65 | 1 | 2 | |
| 032 | 020 | 005200 | 0090 | 47,328 | 1871046 | \$4,550,000 | 02/28/02 | \$96.14 | VACANT LAND | C1-65' | 7 | 2 | |
| 032 | 020 | 005300 | 0005 | 28,638 | 1739446 | \$3,220,000 | 02/25/00 | \$112.44 | EX MACAULAY AUTOMOTIVE | C1-65' | 4 | 2 | |
| 032 | 020 | 198320 | 0475 | 9,221 | 1803069 | \$830,000 | 02/27/01 | \$90.01 | WINDWARD PRESS & GRAPHICS WEST | C2-40' | 1 | 2 | |
| 032 | 020 | 198320 | 0585 | 71,400 | 1787004 | \$7,857,600 | 11/08/00 | \$110.05 | DUCKY'S/OLIVER & THOMPSON INC | IC-65' | 3 | 2 | |
| 032 | 020 | 198320 | 0626 | 7,920 | 1826644 | \$700,000 | 06/25/01 | \$88.38 | MULTI-RES | IC-65' | 1 | 2 | |
| 032 | 020 | 198620 | 0230 | 19,440 | 1765572 | \$2,527,200 | 07/17/00 | \$130.00 | EXERCISE EQUIPMENT CNTR | NC3-85' | 2 | 2 | |
| 032 | 020 | 198620 | 0340 | 12,960 | 1745977 | \$1,437,450 | 04/05/00 | \$110.91 | NELSON TRUCK & EQUIP CO INC | NC3-125' | 2 | 2 | |
| 032 | 020 | 198620 | 0460 | 13,800 | 1768805 | \$1,450,000 | 08/03/00 | \$105.07 | AMERICAN WHOLESALE FLORISTS | IC-65' | 1 | 2 | |
| 032 | 020 | 199120 | 1150 | 83,810 | 1768461 | \$8,458,000 | 08/01/00 | \$100.92 | KING COUNTY LIBRARY BLDGS & LOTS | C1-85' | 5 | 2 | |
| 032 | 020 | 199120 | 1195 | 2,590 | 1920767 | \$440,000 | 11/07/02 | \$169.88 | DUPLEX | C1-85' | 1 | 2 | |
| 032 | 020 | 216390 | 1030 | 6,180 | 1867638 | \$771,500 | 02/08/02 | \$124.84 | LAND ONLY | C2-65' | 2 | 2 | |
| 032 | 020 | 216390 | 1050 | 14,206 | 1915851 | \$1,595,500 | 10/16/02 | \$112.31 | PARKING | C2-65' | 1 | 2 | |
| 032 | 020 | 216390 | 1060 | 3,600 | 1867610 | \$449,000 | 02/06/02 | \$124.72 | VACANT LAND | C2-65' | 1 | 2 | |

| Area | Nbhd. | Major | Minor | Land Area | E # | Sale Price | Sale Date | SP / Ld. Area | Property Name | Zone | Par. Ct. | Ver. Code | Remarks |
|------|-------|--------|-------|-----------|---------|-------------|-----------|---------------|-------------------------------------|-------------|----------|-----------|---------|
| 032 | 020 | 216390 | 1066 | 13,200 | 1859945 | \$1,399,900 | 12/28/01 | \$106.05 | RAINIER PRECISION INC | C2-65' | 1 | 2 | |
| 032 | 020 | 216390 | 1080 | 3,600 | 1732630 | \$263,172 | 01/19/00 | \$73.10 | 1144 EASTLAKE - TEUTSCH PTNR OB | C2-65' | 1 | 2 | |
| 032 | 020 | 216390 | 1085 | 7,200 | 1731776 | \$500,000 | 01/05/00 | \$69.44 | 1144 EASTLAKE - TEUTSCH PTNR OB | C2-65' | 1 | 2 | |
| 032 | 020 | 216390 | 1090 | 7,500 | 1731778 | \$550,000 | 01/13/00 | \$73.33 | 1144 EASTLAKE - TEUTSCH PTNR OB | C2-65' | 1 | 2 | |
| 032 | 020 | 224950 | 0120 | 54,780 | 1746302 | \$5,700,000 | 04/10/00 | \$104.05 | WESMAR PARKING & OFFICES, N/F | C2-65' | 1 | 2 | |
| 032 | 020 | 224950 | 0470 | 10,240 | 1790335 | \$1,539,900 | 12/04/00 | \$150.38 | SEATTLE VETERINARY HOSPITAL | C2-65' | 1 | 2 | |
| 032 | 020 | 246740 | 0073 | 7,200 | 1743689 | \$600,000 | 03/28/00 | \$83.33 | BRICKLAYERS SOUTH PARKING LOT | IC-65' | 2 | 2 | |
| 032 | 020 | 246740 | 0065 | 14,400 | 1799514 | \$1,600,000 | 01/29/01 | \$111.11 | BRICKLAYERS BLDG | IC-65' | 1 | 2 | |
| 032 | 020 | 246740 | 0096 | 2,700 | 1827256 | \$302,500 | 06/29/01 | \$112.04 | SCHUCHART | SCM/R 55/75 | 1 | 2 | |
| 032 | 020 | 286960 | 0120 | 4,751 | 1731854 | \$470,000 | 01/11/00 | \$98.93 | 4-PLEX ON REDEVELOPMENT SITE | C1-65' | 1 | 2 | |
| 032 | 020 | 302504 | 9068 | 11,808 | 1735914 | \$1,087,500 | 02/07/00 | \$92.10 | VACANT LAND | C1-65' | 1 | 2 | |
| 032 | 020 | 684920 | 0065 | 88,455 | 1763643 | \$9,500,000 | 07/07/00 | \$107.40 | OUTDOOR EMPORIUM | SCM/R 55/75 | 6 | 2 | |
| 032 | 020 | 684970 | 0100 | 28,800 | 1747679 | \$2,736,000 | 04/18/00 | \$95.00 | NEW RICHMOND_LAUNDRY PLANT | SCM/R 55/75 | 1 | 2 | |
| 032 | 030 | 198820 | 0110 | 3,600 | 1820819 | \$330,000 | 05/29/01 | \$91.67 | SFR | NC3-65' | 1 | 2 | |
| 032 | 030 | 198920 | 0865 | 21,600 | 1791174 | \$2,600,000 | 12/06/00 | \$120.37 | RADAR ELC.PKNG, 106 APT MXD SITE | NC3-65' | 1 | 2 | |
| 032 | 030 | 198920 | 1125 | 14,460 | 1768405 | \$1,650,000 | 08/01/00 | \$114.11 | MACHEEZMO MOUSE | NC3-65' | 1 | 2 | |
| 032 | 030 | 199020 | 0265 | 4,800 | 1811730 | \$814,000 | 04/16/01 | \$169.58 | TRI-PLEX | MR | 1 | 2 | |
| 032 | 030 | 199020 | 0271 | 3,600 | 1811737 | \$814,000 | 04/16/01 | \$226.11 | DUPLEX | MR | 1 | 2 | |
| 032 | 030 | 199020 | 0281 | 10,080 | 1811733 | \$1,628,000 | 04/16/01 | \$161.51 | MINI STORAGE | MR | 1 | 2 | |
| 032 | 030 | 387990 | 1675 | 4,385 | 1732348 | \$600,000 | 01/13/00 | \$136.83 | 505 W MERCER PL, 98119. TRIPLEX. | MR | 1 | 2 | |
| 032 | 030 | 545730 | 0660 | 2,802 | 1737862 | \$402,500 | 02/23/00 | \$143.65 | SINGLE FAMILY RESIDENCE | NC3-40' | 1 | 2 | |
| 032 | 030 | 545780 | 0430 | 7,680 | 1863475 | \$797,500 | 01/15/02 | \$103.84 | PARKING | NC3-40' | 1 | 2 | |
| 032 | 030 | 545780 | 0525 | 16,640 | 1832798 | \$1,050,000 | 07/25/01 | \$63.10 | PARKING LOT-TEAR DOWN | L3 | 3 | 2 | |
| 032 | 030 | 545780 | 1438 | 30,000 | 1778330 | \$3,300,000 | 09/21/00 | \$110.00 | OFFICE/WAREHOUSE & PARKING LOT | NC3-40' | 3 | 2 | |
| 032 | 030 | 545830 | 0230 | 16,988 | 1834785 | \$1,910,000 | 08/04/01 | \$112.43 | KELLEY BUSINESS MACHINES | NC2-40' | 2 | 2 | |
| 032 | 030 | 545830 | 0265 | 4,800 | 1834783 | \$456,000 | 08/04/01 | \$95.00 | DUPLEX | NC2-40' | 1 | 2 | |

Improved Parcel Total Values:

Sales Comparison Approach model description

The model for sales comparison was based on four data sources from the Assessor's records; LUC, age, condition and size. A search was made on data that most closely fit a subject property within each geographic area. The sales used range in date from 1/2000 to 11/2002. There were 22 improved sales in Area 32 considered as good and fair market transactions reflective of the market conditions. These sales were organized into market segments based on predominant use. Based on a sales analysis, each segment was assigned a market range price per square foot of net rentable area. The sale price ranges serve to establish a general upper and lower market boundary for the various property types within the subject area. Location, quality, and effective age were factors considered for adjustment.

Cost Approach model description

Cost estimates are automatically calculated via the Marshall & Swift Valuation modeling system. Depreciation was based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the western region and the Seattle area. Cost estimates were relied upon in almost every instance of exempt properties including schools, churches, government building, hospital, public utility buildings and public buildings in the recreational parks and amusements facilities such as the Seattle Center and Space Needle. It also served as value indicators for new construction projects.

Cost calibration

The Marshall & Swift Valuation modeling system which is built in the Real Property Application is calibrated to the region and the Seattle area.

Income Capitalization Approach model description

The Income Approach was considered the most reliable approach to valuation throughout Area 32. Income parameters were derived from the market place through a market rental survey, sales, and available real estates publications. The following tables are the results of an analysis of this information. The tables stratify the various property types for each area indicating the income parameters considered.

**Belltown: Area 32-10 &
Downtown Harbor: Area 32-40**

| Property Type | Rent/SF Range | Vacancy Rate | Expense Rate | OAR |
|---|----------------------|---------------------|---------------------|-----------------|
| Office | \$18 to \$29 | 10% to 15% | 20% to 45% | 9.00% to 10% |
| Open Office | \$14 to \$25 | 10% to 15% | 20% to 45% | 9.00% to 10% |
| Basement Office & Mezzaninies Office | \$10 to \$22 | 10% to 15% | 20% to 45% | 9.00% to 10% |
| Retail, Restaurant | \$10 to \$24 | 10% to 15% | 12% to 25% | 9% to 10.50% |
| Basement Finished, Mezz, Balcony | \$4 to \$13 | 10% to 15% | 12% to 25% | 9% to 10.50% |
| Discount Store, Supermarket, Dept Store | \$5 to \$16 | 10% to 15% | 12% to 25% | 9.25% to 10.50% |
| Mixed-Use Apt | \$10 to \$25 | 5% to 20% | 15% to 40% | 9% to 10% |
| Warehouse & Storage | \$3 to \$14 | 10% to 15% | 12% to 15% | 9.50% to 11.00% |
| Industrial | \$5 to \$16 | 10% to 15% | 12% to 15% | 9.50% to 11.50% |
| Garage Parking Structures | \$4.50 to \$15.50 | 25% to 40% | 20% to 25% | 9.00% to 10.00% |
| Service Garage Repair | \$8 to \$19 | 10% to 15% | 15% to 25% | 9.50% to 12.00% |
| Automobile Dealership | \$6 to \$17 | 10% to 15% | 25% to 30% | 9.50% to 11.50% |
| Loft & Industrial Flex Building | \$9 to \$19 | 10% to 15% | 20% to 25% | 9.25% to 11.00% |

South Lake Union: Area 32-20

| Property Type | Rent/SF Range | Vacancy Rate | Expense Rate | OAR |
|---|----------------------|---------------------|---------------------|-----------------|
| Office | \$19 to \$30 | 10% to 15% | 20% to 45% | 9.00% to 10.00% |
| Open Office | \$14 to \$25 | 10% to 15% | 20% to 45% | 9.00% to 10.00% |
| Basement Office & Mezzanines Office | \$10 to \$22 | 10% to 15% | 20% to 45% | 9.00% to 10.00% |
| Retail, Restaurant | \$11 to \$24 | 10% to 15% | 12% to 25% | 9.00% to 10.50% |
| Basement Finished, Mezz, Balcony | \$4 to \$13 | 10% to 15% | 12% to 25% | 9.25% to 10.50% |
| Discount Store, Supermarket, Dept Store | \$5 to \$16 | 10% to 15% | 12% to 25% | 9.25% to 10.50% |
| Mixed-Use Apt | \$10 to \$25 | 5% to 20% | 15% to 40% | 9% to 10% |
| Warehouse & Storage | \$3 to \$14 | 10% to 15% | 12% to 25% | 9.50% to 11.00% |
| Industrial | \$5 to \$16 | 10% to 15% | 12% to 25% | 9.50% to 11.50% |
| Garage Parking Structures | \$4.50 to \$15.50 | 25% to 40% | 20% to 25% | 9.00% to 10.00% |
| Service Garage Repair | \$6 to \$16 | 10% to 15% | 15% to 25% | 9.50% to 12.00% |
| Broadcast Facilities, Theater | \$8 to \$20 | 10% to 15% | 25% to 30% | 9.50% to 11.50% |
| Automobile Dealership | \$5 to \$15 | 10% to 15% | 25% to 30% | 9.50% to 11.50% |
| Loft & Industrial Flex Building | \$8 to \$18 | 10% to 15% | 20% to 25% | 9.25% to 11.00% |

Lower Queen Anne Hill: Area 32-30

| Property Type | Rent/SF Range | Vacancy Rate | Expense Rate | OAR |
|---|----------------------|---------------------|---------------------|-----------------|
| Office | \$19 to \$30 | 10% to 15% | 25% to 45% | 9.00% to 10.00% |
| Open Office | \$14 to \$25 | 10% to 15% | 25% to 45% | 9.00% to 10.00% |
| Basement Office & Mezzanines Office | \$10 to \$22 | 10% to 15% | 25% to 45% | 9.00% to 10.00% |
| Retail, Restaurant | \$12 to \$26 | 10% to 15% | 12% to 25% | 9.00% to 10.50% |
| Basement Finished, Mezz, Balcony | \$5 to \$14 | 10% to 15% | 12% to 25% | 9.25% to 10.50% |
| Discount Store, Supermarket, Dept Store | \$5 to \$16 | 10% to 15% | 12% to 25% | 9.25% to 10.50% |
| Mixed-Use Apt | \$10 to \$25 | 5% to 20% | 15% to 40% | 9% to 10% |
| Warehouse & Storage | \$3 to \$14 | 10% to 15% | 12% to 25% | 9.50% to 11.00% |
| Industrial | \$5 to \$16 | 10% to 15% | 12% to 25% | 9.50% to 11.50% |
| Garage Parking Structures | \$4.50 to \$15.50 | 25% to 40% | 20% to 25% | 9.00% to 10.00% |
| Service Garage Repair | \$7 to \$17 | 10% to 15% | 15% to 25% | 9.50% to 12.00% |
| Broadcast Facilities, Theater | \$8 to \$20 | 10% to 15% | 25% to 30% | 9.50% to 11.50% |
| Automobile Dealership | \$6 to \$17 | 10% to 15% | 25% to 30% | 9.50% to 11.50% |
| Loft & Industrial Flex Building | \$9 to \$19 | 10% to 15% | 20% to 25% | 9.25% to 11.00% |

Stratification adjustments for the parameters listed were based on quality of construction, effective age, size, and location.

Parking Garage properties were valued by a separate income approach method. This income approach was developed through sales, market surveys, and available publications including the publication of Parking Inventory for the Central Puget Sound Region, 2002 prepared by Puget Sound Regional Council, and other available publications. The monthly rate ranges from \$125 to \$300 per parking stall. The vacancy and credit loss rate range from 25% to 40% and the annual expense rate range from 20% to 25%. The overall capitalization rate ranged from 9% to 10%. Stratification adjustments made were based on condition, quality of construction, effective age, and location.

Income approach calibration

The models were calibrated after setting base rents by using adjustments on size, quality of construction and the effective age.

Reconciliation and/or validation study of calibrated value models including ratio study of hold out samples.

All parcels were individually reviewed for correctness of the model application before final value selection. All of the factors used to establish value by the model were subject to adjustment. The income approach to value was considered to be most reliable indicator of value in most instances. The market rents as established by the income model were used as a guide in establishing the rental market rates used. The market rental rate applied varies somewhat but falls within an acceptable range of variation from the established guideline.

Model Validation

Total Value Conclusions, Recommendations and Validation:

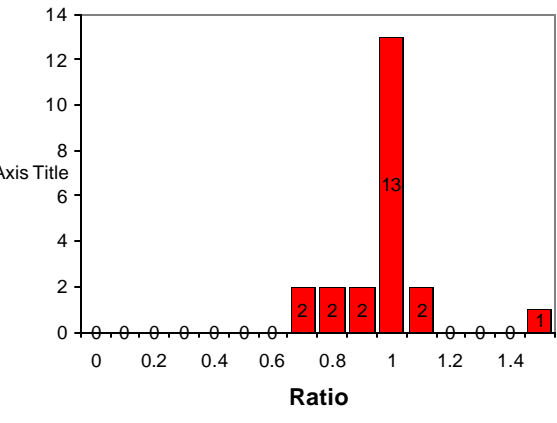
Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel in the physical inspection neighborhood was field reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The Appraiser determines which available value estimate may be appropriate and may adjust for particular characteristics and conditions as they occur in the valuation area.

The standard statistical measures of valuation performance are presented both in the Executive Summary and the 2002 and 2003 Ratio Analysis charts included in this report. Comparison of the 2002 Ratio Study Analysis with the 2003 Ratio Study Analysis indicates that the weighted mean statistical measure of assessment level went from 93.8% to 92.7%. This is well within the IAAO appraisal guidelines, while those measures for uniformity, and equity are also well within IAAO guidelines. The Coefficient of Dispersion (COD) went from 10.32% to 7.09%, the Coefficient of Variation (COV) went from 17.65% to 10.41%, and the Price-related Differential (PRD) went from 0.99 to 0.97.

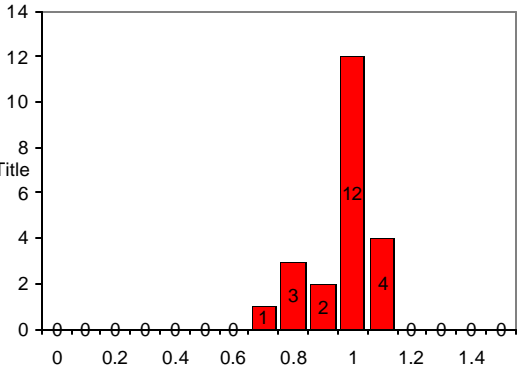
The total assessed values for Area 32 for the 2002 assessment year was \$3,088,017,799 and the total recommended value for the 2003 assessment year is \$3,148,483,300. Application of these recommended values for the 2003 assessment year (taxes payable in 2004) results in an average total change from the 2002 assessments of +1.96%.

Note: More details and information regarding aspects of the valuations and the report are retained in the working files and folios kept in the office.

Present Improvement Ratio Calculation for Area 32

| | | | | | |
|-------------------------------------|-------------|---|--------------------|--|--|
| Quadrant/Crew: | Lien Date: | Date: | Sales Dates: | | |
| Central Crew | 1/1/2002 | 4/8/2003 | 1/12/00 - 11/13/02 | | |
| Area | Appr ID: | Prop Type: | Trend used?: Y / N | | |
| 32 | YCHI | Improvement | N | | |
| SAMPLE STATISTICS | | | | | |
| Sample size (n) | 22 | <div>Ratio Frequency</div>  | | | |
| Mean Assessed Value | 2,300,800 | | | | |
| Mean Sales Price | 2,451,900 | | | | |
| Standard Deviation AV | 3,434,935 | | | | |
| Standard Deviation SP | 3,593,493 | | | | |
| | | | | | |
| ASSESSMENT LEVEL | | | | | |
| Arithmetic mean ratio | 0.927 | <div>These figures reflect the 2002 assessed values as compared to the current market.</div> | | | |
| Median Ratio | 0.931 | | | | |
| Weighted Mean Ratio | 0.938 | | | | |
| | | | | | |
| UNIFORMITY | | | | | |
| Lowest ratio | 0.6550 | | | | |
| Highest ratio: | 1.4942 | <div>These figures reflect the 2002 assessed values as compared to the current market.</div> | | | |
| Coefficient of Dispersion | 10.32% | | | | |
| Standard Deviation | 0.1635 | | | | |
| Coefficient of Variation | 17.65% | | | | |
| Price-related Differential | 0.99 | | | | |
| RELIABILITY | | | | | |
| 95% Confidence: Median | | <div>These figures reflect the 2002 assessed values as compared to the current market.</div> | | | |
| Lower limit | 0.894 | | | | |
| Upper limit | 0.973 | | | | |
| 95% Confidence: Mean | | | | | |
| Lower limit | 0.858 | | | | |
| Upper limit | 0.995 | <div>These figures reflect the 2002 assessed values as compared to the current market.</div> | | | |
| SAMPLE SIZE EVALUATION | | | | | |
| N (population size) | 687 | | | <div>These figures reflect the 2002 assessed values as compared to the current market.</div> | |
| B (acceptable error - in decimal) | 0.05 | | | | |
| S (estimated from this sample) | 0.1635 | | | | |
| Recommended minimum: | 40 | | | | |
| Actual sample size: | 22 | | | | |
| Conclusion: | Uh-oh | <div>These figures reflect the 2002 assessed values as compared to the current market.</div> | | | |
| NORMALITY | | | | | |
| Binomial Test | | | | <div>These figures reflect the 2002 assessed values as compared to the current market.</div> | |
| # ratios below mean: | 10 | | | | |
| # ratios above mean: | 12 | | | | |
| z: | 0.213200716 | | | | |
| Conclusion: | Normal* | | | | |
| *i.e., no evidence of non-normality | | | | | |

Future Improvement Ratio Calculation

| | | | |
|-------------------------------------|-------------|---|--------------------|
| Quadrant/Crew: | Lien Date: | Date: | Sales Dates: |
| Central Crew | 1/1/2003 | 4/8/2003 | 1/12/00 - 11/13/02 |
| Area | Appr ID: | Prop Type: | Trend used?: Y / N |
| 32 | YCHI | Improvement | N |
| SAMPLE STATISTICS | | | |
| Sample size (n) | 22 | <div>Ratio Frequency</div>  | |
| Mean Assessed Value | 2,273,200 | | |
| Mean Sales Price | 2,451,900 | | |
| Standard Deviation AV | 3,440,051 | | |
| Standard Deviation SP | 3,593,493 | | |
| | | | |
| ASSESSMENT LEVEL | | | |
| Arithmetic mean ratio | 0.903 | <div>These figures reflect the recommended 2003 assessed values as compared to the current market.</div> | |
| Median Ratio | 0.927 | | |
| Weighted Mean Ratio | 0.927 | | |
| | | | |
| UNIFORMITY | | | |
| Lowest ratio | 0.6972 | | |
| Highest ratio: | 1.0242 | | |
| Coefficient of Dispersion | 7.09% | | |
| Standard Deviation | 0.0940 | | |
| Coefficient of Variation | 10.41% | | |
| Price-related Differential | 0.97 | | |
| RELIABILITY | | | |
| 95% Confidence: Median | | | |
| Lower limit | 0.894 | | |
| Upper limit | 0.952 | | |
| 95% Confidence: Mean | | | |
| Lower limit | 0.863 | | |
| Upper limit | 0.942 | | |
| | | | |
| SAMPLE SIZE EVALUATION | | | |
| N (population size) | 687 | | |
| B (acceptable error - in decimal) | 0.05 | | |
| S (estimated from this sample) | 0.0940 | | |
| Recommended minimum: | 14 | | |
| Actual sample size: | 22 | | |
| Conclusion: | OK | | |
| NORMALITY | | | |
| Binomial Test | | | |
| # ratios below mean: | 7 | | |
| # ratios above mean: | 15 | | |
| z: | 1.492405014 | | |
| Conclusion: | Normal* | | |
| *i.e., no evidence of non-normality | | | |

Improvement Frozen Sales Calculation for Area 32 with Sales Used

| Area | Nbhd | Major | Minor | Total NRA | E # | Sale Price | Sale Date | SP / NRA | Property Name | Zone | Par. Ct. | Ver. Code | Remarks |
|------|------|--------|-------|-----------|---------|--------------|-----------|----------|----------------------------------|--------------|----------|-----------|--|
| 032 | 010 | 065600 | 0235 | 12,680 | 1739043 | \$1,400,000 | 02/25/00 | \$110.41 | OFFICE WITH RESTAURANT | DMRR 85 | 1 | 2 | |
| 032 | 010 | 069400 | 0055 | 5,400 | 1897816 | \$950,000 | 07/09/02 | \$175.93 | CRAWFORD HARDWARE | DMRR125 | 1 | 2 | |
| 032 | 010 | 231330 | 0010 | 1,945 | 1801208 | \$350,000 | 02/14/01 | \$179.95 | ELLINGTON COML CONDO UNIT | DMR/R 125/65 | 1 | 2 | |
| 032 | 010 | 231330 | 1030 | 2,985 | 1833449 | \$525,000 | 07/31/01 | \$175.88 | ELLINGTON COML CONDO UNIT | DMR/R 125/65 | 1 | 2 | |
| 032 | 020 | 198620 | 0085 | 12,960 | 1888938 | \$1,462,500 | 05/30/02 | \$112.85 | BOOK PUBLISHING CO | NC3/85 | 1 | 2 | |
| 032 | 020 | 198620 | 0305 | 27,600 | 1900995 | \$2,900,000 | 07/25/02 | \$105.07 | OFFICE | NC3 125' | 1 | 2 | SOLD IN 5/25/1999 FOR \$1,850,000, E#1687984 |
| 032 | 020 | 198820 | 1360 | 28,800 | 1770172 | \$3,456,000 | 08/14/00 | \$120.00 | DISPLAY PRODUCTS CO & PARK. LOT | C1-85' | 2 | 2 | |
| 032 | 020 | 216390 | 1095 | 6,400 | 1897938 | \$1,300,000 | 07/15/02 | \$203.13 | BUFFALO BLDG | C2/65 | 1 | 2 | |
| 032 | 020 | 224900 | 0210 | 17,046 | 1860272 | \$2,550,000 | 12/24/01 | \$149.60 | PACIFIC CAPITAL BLDG | NC3/40V | 2 | 2 | |
| 032 | 020 | 224950 | 0115 | 10,836 | 1830134 | \$1,100,000 | 07/18/01 | \$101.51 | PAMECC - AIRE | C2/65 | 1 | 2 | |
| 032 | 020 | 224950 | 0470 | 3,912 | 1742629 | \$1,024,000 | 03/02/00 | \$261.76 | SEATTLE VETERINARY HOSPITAL | C2-65' | 1 | 2 | |
| 032 | 020 | 246740 | 0315 | 69,504 | 1817334 | \$13,798,450 | 05/15/01 | \$198.53 | WRIGHT SCHUCHART BLDG | SCMR/55 | 1 | 2 | |
| 032 | 020 | 408880 | 3735 | 15,637 | 1908077 | \$1,789,545 | 09/03/02 | \$114.44 | LATITUDE 47 RGSTR & MOORAGE | C240 | 1 | 2 | 46 |
| 032 | 020 | 786350 | 0065 | 5,400 | 1921811 | \$790,000 | 11/13/02 | \$146.30 | NEBAR SUPPLY | SCMR 55 | 1 | 2 | |
| 032 | 030 | 198920 | 0705 | 4,116 | 1797659 | \$775,000 | 01/20/01 | \$188.29 | AVIATION INSURANCE CO | NC3/65' | 1 | 2 | |
| 032 | 030 | 198920 | 0900 | 12,165 | 1854625 | \$2,177,000 | 11/30/01 | \$178.96 | GREAT REPUBLIC LIFE INS | NC3/65' | 1 | 2 | |
| 032 | 030 | 198920 | 1020 | 60,635 | 1788108 | \$12,750,000 | 11/17/00 | \$210.27 | FIRST WEST BLDG | NC3/65' | 1 | 2 | |
| 032 | 030 | 198920 | 1260 | 4,868 | 1884740 | \$795,000 | 05/07/02 | \$163.31 | DONNA'S BARBER SHOP | NC3/65' | 1 | 2 | |
| 032 | 030 | 199020 | 0223 | 4,998 | 1857777 | \$950,000 | 12/13/01 | \$190.08 | LABEL MAKERS INC (01 PUBLISHING) | NC3/40' | 1 | 2 | |
| 032 | 030 | 199020 | 0370 | 5,890 | 1742058 | \$650,000 | 03/20/00 | \$110.36 | OZZIE'S RESTAURANT AND LOUNGE | NC3-40' | 1 | 2 | |
| 032 | 030 | 545730 | 0600 | 5,685 | 1731886 | \$950,000 | 01/12/00 | \$167.11 | RETAIL/OFC | NC3/40V | 2 | 2 | |
| 032 | 030 | 766620 | 1770 | 24,196 | 1753035 | \$1,500,000 | 05/10/00 | \$61.99 | HARLAN FAIRBANKS CO | IC/45 | 1 | 2 | |